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Argentina

RAISIN ANNUAL

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Report Highlights:

CY 2010 raisin production is forecast to increase to 30,000 MT due to higher yields and new vines entering production. Raisin exports and domestic consumption are estimated to increase as a result of larger production.

Executive Summary:

Post forecasts an increase in raisin production for CY 2010 to a total of 30,000 MT primarily due to higher yields and new vines entering production. Raisin exports and domestic consumption are estimated to increase mainly as a result of larger production.

Post is decreasing raisin production for CY 2009 to 20,000 MT as a result of lower grape production due to hail damage, late frosts and *Peronospera* disease, which affected yields.

The GOA reduced the export tax on fruits and vegetables by half on December 31, 2008. Raisins pay a 2.5 percent

export tax. See the Import and Export Regulations section for additional information on the change in the export tax.

Commodities:

Raisins

Production:

Approximately, ninety-five percent of Argentine raisins are produced in the Province of San Juan, which is located alongside the Andes Mountains in western Argentina. According to official estimates, 3,680 hectares are currently planted with raisin grapes in Argentina, of which San Juan province accounts for 2,338 hectares, Mendoza 700 hectares, La Rioja 500 hectares, and Rio Negro, Salta and Catamarca, 140 hectares among the three. Since this is a very dry region, with an annual average rainfall of 8 inches or less, all plantations are irrigated. The main source of water is melted snow from the Andes.

In CY 2010, grape production for raisins is forecast to increase to 135,000 MT due to higher yields and additional vines entering production. CY 2009 grape production decreased significantly to 80,000 MT, compared to the previous year, as a result of hail damage, late frosts, and cryptogamic diseases, such as *Peronospora,* in the main production area of San Juan province, which affected yields. Raisin production for CY 2010 is estimated at 30,000 MT, up 10,000 MT from CY 2009.

As reported by official sources, grape producers are discouraged by the prices that wineries pay for high-quality grapes and the strict quality requirements that their vineyards have to comply with. Thus, they have been devoting larger grape volumes for raisins, tempted by high international prices in CY 2008.

Production of grapes for raisins in metric tons (MT)				
	2007	2008	2009	2010
Total	70,600	125,000	80,000	135,000
San Juan	66,800	120,000	76,000	128,000

Source: FAS Buenos Aires based on data from government officials (National Wine Institute – INV, in Spanish, and National Institute of Agricultural Technology – INTA, in Spanish, Caucete, Prov. of San Juan), and private sources

Production of raisins in metric tons (MT)				
	2007	2008	2009	2010
Total	32,000	28,000	20,000	30,000
San Juan	30,400	26,500	19,000	38,000

Source: FAS Buenos Aires based on data from government officials (INV and INTA Caucete, San Juan Prov.), and private sources

The main challenge for the Argentine raisin sector is to increase production to supply international demand. Another challenge producers currently face is high import tariffs imposed on Argentine raisins by some export markets.

Private investments in the raisin sector have been increasing during the past few years, and are primarily national capital (except for a Korean group, which invested in grape drying facilities). Investments were not only devoted to primary production, but also to the incorporation of new technology focusing on obtaining a higher-quality, more competitive product, to supply export markets.

In CY 2009, the Argentine Viticultural Corporation (COVIAR, in Spanish) promoted a project through which both grape producers and the industry may receive a subsidy of $3,000/hectare and up to $20,000, without exceeding 20 planted hectares. In addition, the Argentine Technological Fund (FONTAR, in Spanish) provides financial assistance for technological improvement. Also, the National Bank and the Federal Investment Council (CFI, in Spanish) grant loans for labor capital and investments.

Varieties

The main grape varieties destined for raisins in CY 2008 were: Flame Seedless, Arizul (INTA CG 351), and Sultanina Blanca, accounting together for almost 73 percent of the total production. Other varieties were: Superior Seedless, Moscatel de Alejandria, Torrontes Sanjuanino, Cereza, and Torrontes Riojano.

A new variety of U.S. origin, Fiesta, was recently introduced with very good yields and adaptability. About 500 hectares of the Fiesta variety are being planted in San Juan province.

The drying process

The drying process in Argentina is carried out mainly by utilizing the sun to dry grapes. Grapes are laid on cement floors, where they are sun-dried for a 10 to 20-day period depending on the grape variety. The final product has a moisture content of 15-20 per cent. After the drying process is completed, vegetable oil is applied to raisins, which are then packed in 30-pound cases, in bulk, or in clusters. The Argentine Secretariat of Agriculture established a protocol for certified raisins that includes HACCP as part of the process.

Consumption:

Raisin annual domestic consumption is low, estimated at approximately 0.15 kg/capita, compared to consumption in the United Kingdom (roughly, 2 kg/capita); Canada (1.20 kg/capita); and Germany and the U.S. (about 1 kg/capita). Producers are planning to carry out promotional campaigns to increase raisin domestic consumption. However, Argentines do not have the habit of eating raisins on a daily basis, such as a snack, and they usually prefer bakery products without raisins as an ingredient.

Domestic consumption in metric tons (MT)				
	2007	2008	2009	2010
Total	3,000	4,000	3,000	4,000

Source: FAS Buenos Aires based on data from government officials (INV and INTA Caucete, San Juan Prov.), and private sources

Trade:

CY 2010 raisin exports are forecast to increase to 26,000 MT due to larger grape production. CY 2009 exports are expected to decrease to 17,000 MT, compared to the previous year, as a result of lower production and yields.

Main export destinations, in volume, in CY 2008 were: Brazil (65% of total exports), EU (9%), U.S. (7%), and Australia (4.5%). As of CY 2008, Argentina has been diversifying its export markets. In CY 2009, it is expected that exports to traditional markets such as Brazil and the U.S. will decrease in favor of other alternative markets in Eastern Asia.

Argentina Export Statistics Commodity: 080620, Grapes, Dried **Calendar Year: 2006 - 2008**						
Partner Country	**2006**		**2007**		**2008**	
	USD	**Quantity**	**USD**	**Quantity**	**USD**	**Quantity**
World	24,481,278	19,121	36,812,473	28,936	41,028,419	23,951
Brazil	14,989,258	11,658	19,064,957	15,089	26,925,613	15,584

EU	2,701,120	2,075	3,097,314	2,300	3,875,674	2,238
United States	3,098,494	2,245	8,963,320	6,995	3,086,094	1,717
Australia	90,119	72	237,037	208	1,466,040	1,068
Taiwan	953,728	714	1,392,410	1,021	1,221,122	738
Dominican Republic	759,305	638	785,420	639	1,038,782	552
Russia	389,829	303	493,969	379	657,849	415
Colombia	20,3198	159	599,688	495	530,967	317
Venezuela	114,750	75	560,533	406	505,385	262
Paraguay	89,100	75	170,200	143	478,960	280
Costa Rica	240,770	181	329,281	253	271,801	168
Others	540,261	463	1,062,513	909	970,132	612

Source: FAS Buenos Aires based on GTIS data

Virtually no raisin imports, with the exception of 28 MT from Chile in CY 2007, were registered in the past few years.

Prices

Raisin export values in CY 2008 increased significantly as a result of high international prices. Raisin FOB prices reached record high levels in CY 2008: $1,838/MT in September (compared to $1,277/MT in September 2007), followed by $1,793/MT in August, and $1,787/MT in October.

Prices Table			
Country	*Argentina*		
Commodity	**Raisin**		
Prices in	**US$ FOB**	**per uom**	**MT**
Year	**2007**	**2008**	**% Change**
Jan	1,244	1,309	+5.2
Feb	1,470	1,398	-5
Mar	1,248	1,523	+22
Apr	1,264	1,607	+27
May	1,214	1,652	+36
Jun	1,234	1,700	+38
Jul	1,294	1,710	+32
Aug	1,267	1,793	+41.5
Sep	1,277	1,838	+44
Oct	1,217	1,787	+47
Nov	1,295	1,729	+33.5
Dec	1,385	1,614	+16.5
Exchange Rate	3.82	Local Currency/US $1	
Date of Quote	07/13/2009	MM/DD/YYYY	

Source: FAS Buenos Aires based on GTIS data

The following are raisin FOB prices for CY January-April 2009:

$/MT

Jan	1,910
Feb	1,377
Mar	1,388
Apr	1,393

Policy:

Import and Export Regulations

On December 22, 2008, President Cristina Fernandez de Kirchner announced a new package of stimulus measures for the Argentine agricultural sector. The measures affecting fruit and vegetables were published in the Official Bulletin, Decrees Nos. 38/2008 and 40/2008, on December 31, 2008. They established that the export tax for pears, apples, peaches, citrus fruit, grapes, blueberries, strawberries, dried fruit, onions, frozen potatoes, beans and pulses were reduced by 50 percent (i.e. raisins currently pay a 2.5 percent export tax).

Fruit exporters were pleased with the export tax reduction. While the decree did not establish any special incentives for fruit producers, producers expect the GOA to take additional measures to ensure that they receive part of the benefits of the export tax reduction.

Post does not expect the changes announced to have a significant impact on overall fruit production. Export taxes for these products were already relatively low (5 percent to 10 percent) and a reduction by half does not amount to a significant alleviation of tax burden.

Part of Argentina's 2.5 percent export tax on raisins is rebated depending on the size of the container.

Raisin 0806.20	
Outside the Mercosur Area	
Import Tariff	10 %
Statistical Tax	0.50%
Export Tax	2.5%
Export Rebate: Cases containing between 2.5 kg. and 20 Kg. Cases with 2.5 kg. or less	4.05% 6.00%
Inside the Mercosur Area	
Import Tariff	0.00%
Statistical Tax	0.50%
Export Tax	2.5%
Export Rebate: Cases containing between 2.5 kg. and 20 Kg. Cases with 2.5 kg. or less	4.05% 6.00%

Source: Tarifar database

Production, Supply and Demand Data Statistics:

Raisins Argentina	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Jan 2007			Market Year Begin: Jan 2008			Market Year Begin: Jan 2009		
	USDA Official Data		Old Post Data	USDA Official Data		Old Post Data	USDA Official Data		Jan Data
Area Planted	0	3.500	3.500	0	3.500	3.700			4.200

Area Harvested	0	0	3.300	0	0	3.400			4.000
Beginning Stocks	0	0	0	0	0	0			0
Production	33.000	28.000	28.000	37.000	30.000	20.000			30.000
Imports	25	0	0	25	0	0			0
Total Supply	33.025	28.000	28.000	37.025	30.000	20.000			30.000
Exports	26.400	25.200	24.000	30.000	27.200	17.000			26.000
Domestic Consumption	6.625	2.800	4.000	7.025	2.800	3.000			4.000
Ending Stocks	0	0	0	0	0	0			0
Total Distribution	33.025	28.000	28.000	37.025	30.000	20.000			30.000
TS=TD			0			0			0
Comments									
AGR Number	AR								

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